

## WHAT'S RIGHT WITH OUR COUNTRY

by Robert M. Bleiberg

*Robert M. Bleiberg, editor of Barron's National Business and Financial Weekly, came to Barron's in 1946 from Pruden's Digest of Investment and Banking Opinions, where he was associate editor. Dr. Bleiberg received a bachelor of arts degree from Columbia University in 1943, and a master of business administration degree from New York University in 1950. He was awarded an honorary doctorate by Hillsdale College this year, and delivered this commencement address to the graduating class of 1977.*

My pleasure in this unique occasion is compounded by the fact that my first commencement exercise also happens to be Hillsdale's 125th. I have spoken at colleges and universities throughout the country, and, after a number of appearances on campus here — this will be my fifth in the past three years — I'm prepared to state that Hillsdale is unique. Most institutions of higher learning tend to pay lip service to academic freedom and the unbridled pursuit of truth; then they quietly proceed to make life difficult for all those, undergraduates and faculty alike, who shun the prevailing liberal dogmas. Hillsdale, in striking contrast, once even asked Ralph Nader to speak before the student body. And by playing host to so many of those who call themselves conservative, a flexible category hospitable to widely differing viewpoints, the school guarantees its undergraduates a thoroughgoing exposure to a very broad spectrum of opinion indeed. Would that the hallowed Ivy League did half so well.

And now, class of '77, let's get down to business. You're about, as the saying goes, to go out into the world, and, by most contemporary accounts, an ugly world it is. So many shortcomings and failings — high unemployment, rampant pornography, widespread pollution, corruption in high places, notably the executive suite. Corporate payoffs, illegal political contributions, foreign bribes, kickbacks — according to a full-page ad taken out last week by a leading

business daily — documented improper or illegal payments by hundreds of major U. S. companies. Watergate gone, but not forgotten. From Wall Street to Washington, almost everyone, it sometimes seems, is a crook.

That's what sells newspapers, and, as far as it goes, it's fair enough. But as journalists all too rarely do, let's try to put the facts in perspective. Some four hundred companies have owned up to impropriety or worse. Thousands of others have been found guilty of nothing. To illustrate, the ranks of publicly owned companies include 1,145 listed on the American Stock Exchange, 1,553 listed on the New York Stock Exchange, and approximately 11,000 traded over-the-counter, or nearly 14,000 publicly owned concerns in all. Last time I looked, the 400-odd culprits constituted barely 3 percent of the publicly owned total.

All told, there also happen to be more than two million U. S. corporations, public and private alike, as well as more than one million partnerships and roughly eleven million individual proprietorships. Fourteen million units do business in this country. How many, and what percentage, of them have been publicly involved in shady dealings? What percentage of the tens of millions of U. S. businessmen, or the trillion-plus dollars worth of goods and services which they help to produce have been tainted by impropriety or illegality?

im•pri•mis (im-pri' mīs) adv. In the first place. Middle English, from Latin *in primis*, among the first (things)...

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Nor can we afford to forget that allegedly improper corporate conduct may cover a multitude of sins. On this score, eloquent testimony has come from Albert Sommer, Jr., former Securities & Exchange Commissioner. Last spring, Mr. Sommer told the Ohio Legal Institute that owing to the absence of clear-cut standards of disclosure: "Many companies have simply chosen to disclose every payment, no matter how trifling, that might in any way be questioned. Thus we have learned that huge multinational corporations made political and other questionable contributions in amounts as little as \$100; in many instances, disclosure has been made of small payments which were clearly legal under the laws of the country where made, and in other instances were at worst of questionable legality. All of this reminds me of the sorry spectacle in Soviet

all their built-in potentialities for enlarging our capacities and enriching our lives — flow in an endless stream from drawing-board to assembly line. The much-maligned Lockheed Corporation deploys the Hercules Airlifter, which, when famine, flood or earthquake strikes, gets there fustest with the mostest in the way of disaster relief.

Despite the many obstacles raised by the Food and Drug Administration, the U. S. pharmaceutical industry continues to make significant additions to the nation's medicine chest.

On this score, despite the environmentalist hue and cry over chemical additives, pesticides and pollution, the people of this country over the decades have enjoyed an uninterrupted growth in longevity. To illustrate, since World War II — here's a statistic



Russia in the 1930s, when erring bureaucrats almost literally fell over each other confessing various 'crimes' against the state."

So much for crime in the suites. To the corporate coin, there is another more glittering — if far less publicized — side. While the number of jobless — a figure, by the way, which greatly overstates the case, since it includes a good many workers who have just quit their jobs — does stand at 7 percent of the labor force, the fact is that today more Americans are gainfully employed than ever before in U. S. history. Indeed, in January-March of this year alone, the private sector created over one million jobs (and, in the past twelve months, more than 2.6 million.)

By the same token, thanks to American industry, marvels of technology — microwave ovens, citizens band radios, hand calculators, home computers, with

you're not apt to read in the daily press or hear over the major television networks — the American life expectancy has increased from 65.9 years to 72.5 years. In the past decade alone, it's risen by two-plus years.

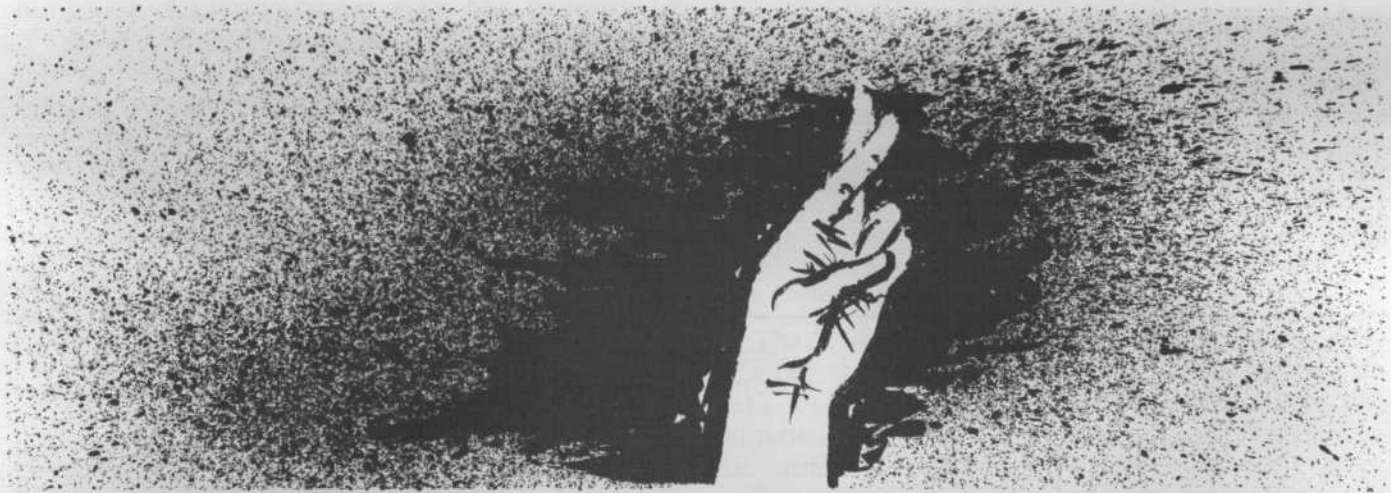
Many other things are right with the country, including a steady growth in benevolence. According to that benevolent institution known as the Internal Revenue Service, over the past decade, charitable contributions by taxpayers have increased from \$9.1 billion to \$15.4 billion; tax-deductible or not, that's a lot of good works. And even today, despite the proliferation of federal regulations which I had occasion to deplore in a von Mises lecture here two years ago, the number of new businesses incorporated year-by-year shows a steady rise. Finally, for young people like yourselves, here's a noteworthy statistic: in 1977, for only the sixth time in the thirty-two years since World War II, compulsory military service

is no longer part of the domestic scene.

Contrast the glittering record of private enterprise with that of the public sector, a comparison which, unfortunately, too few of our fellow citizens ever seem to make. Indeed, with respect to the relative performance of government and industry, a curious and ugly double standard has long come into play. For government can commit the most egregious blunders — if they aren't recorded for posterity on tape, or somehow leaked to Jack Anderson — with apparent impunity. Thus, in the midst of demolishing the huge Pruitt-Igoe public housing project in St. Louis, once viewed as a showcase, the Department of Housing and Urban Development doesn't hesitate to ask Congress for billions of dollars more for the same kind of program. After thirty years and the

learned perhaps the most important lesson of all, namely, that one man on the side of right is an army.

In my own profession, let me cite the case of James Wilson, who founded *The Economist* of London well over a century ago. Wilson was a remarkable man. He made a fortune in the manufacture of hats, then promptly lost it in the indigo market. He wrote his first pamphlet on his favorite subject, free trade, while negotiating with his creditors, a feat of sanity and self-assurance perhaps unequalled in the annals of the working press. Seven years later, he sank whatever funds he had left into a magazine to champion the unrestricted import of grain. In the prospectus for *The Economist*, he wrote these striking words: "We hope to see the day when it will be as difficult to understand how an act of



outlay of hundreds of billions of dollars, the powers-that-be confess that the welfare state has become an unworkable mess and blandly seek new — and doubtless costlier — federal solutions. After a generation of something for nothing, the Social Security system piles up more than \$4 trillion in unfunded liabilities, and, as even its most fervent proponents have been forced to concede, is well on the way toward going broke.

Some of the specific facts and figures cited above may be news to you. However, thanks in large measure to your years at Hillsdale, the views which I have tried to express — an abiding confidence in private initiative, deep suspicion of the state — are now a basic part of your intellectual equipment. As you weigh real-life alternatives, constructive and otherwise, I would urge you to use it. And thanks to George Roche, among others here on campus, you've

Parliament could have been made to restrict the food and employment of the people, as it is now to conceive how old wrinkled women were burned by our forefathers for witchcraft." Thanks in part to Wilson's efforts, the infamous Corn Laws, which plagued England until the late 1840s, were finally repealed.

Nor need one be an educator, journalist or other kind of professional to fight the good fight. On this score, I've run across a couple of businessmen whom you ought to know more about. One sells groceries in Bessemer, Alabama, the other sells sportswear in San Jose, California. Each owns his own business, and each, when threatened by coercive government action, stood his ground and fought back.

Consider the case of Sam Pillitteri, who owns a food store in Bessemer, Alabama. Mr. Pillitteri decided that the State Milk Commission had no right



to tell him what prices to charge. He proceeded to cut his own prices, in defiance of the law, but to the benefit of his customers' pocketbooks and his own ultimate profit. Served with an injunction, he counter-sued, demanding that the commission be declared unconstitutional. As the trial began, the commission abolished its own pricing decrees, but Pillitteri wasn't satisfied. The trial went forward.

The result? Two months ago, the Alabama State Circuit Court ruled in Pillitteri's favor. Cost studies used by the state, the Court held, "have resulted in subsidizing the inefficient producer, processor, distributor and retailer at the expense of the more efficient producer, processor, distributor and retailer, as well as subsidizing such inefficiency at the expense of the consuming public. Ordered, adjudged and decreed, that the actions of the plaintiff in fixing, establishing, administering and enforcing the price or prices of fluid milk be and said actions are hereby declared to be null and void."

Some may say that freedom is a lost cause, and, despite the moral imperatives of commencement, which virtually compel one to look on the bright side, in all candor there's cause for concern. Compared to the alternatives, however, this is one cause, lost or otherwise, for which everyone here should be

ready, willing and able to take up the cudgels. Keep a low profile financially and get acquainted as soon as possible with what Albert Einstein called the greatest invention of mankind, compound interest. Even in an age of inflation, you'll find that such precepts pay off.

Twenty-odd years ago, when my predecessor at *Barron's*, John Davenport, turned over the editor's chair, he gave me an inscribed copy of one of the works of Joseph Conrad. The last lines of the book carried a message which I never forgot, and which, for its timeliness and relevance today, I'd like to share with you: "A gone shipmate, like any other man, is gone forever: and I never met one of them again. But at times the spring-flood of memory sets with force up the dark River of the Nine Bends. Then on the waters of the forlorn stream drifts a ship — a shadowy ship manned by a crew of Shades. They pass and make a sign, in a shadowy hail. Haven't we, together and upon the immortal sea, wrung out a meaning from our sinful lives? Goodby, brothers! You were a good crowd. As good a crowd as ever fisted with wild cries the beating canvas of a heavy foresail; or tossing aloft, invisible in the night, gave back yell for yell to a westerly gale."

To you, class of 1977 — a good crowd — I say, Godspeed.

*Hillsdale College is marked by its strong independence and its emphasis on academic excellence. It holds that the traditional values of Western civilization, especially including the free society of responsible individuals, are worthy of defense. In maintaining these values, the college has remained independent throughout its 132 years, neither soliciting nor accepting government funding for its operations.*